

[Translation]

Consolidated Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2022
[U.S. GAAP]

January 31, 2022

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

Code Number: 3591 (URL: <https://www.wacoalholdings.jp/>)

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Scheduled quarterly report submission date: February 10, 2022

Scheduled dividend payment start date: -

Supplementary materials regarding quarterly business results: Yes

Explanatory meeting regarding quarterly business results: Yes (for institutional investors, analysts and the press)

(Amounts less than 1 million yen have been rounded)

1. Third Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 – December 31, 2021)

(1) Consolidated Business Results

(% indicates increase (decrease) from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Third Quarter ended December 31, 2021	130,187	13.3	5,057	27.8	5,537	(49.1)	3,493	(29.7)
Third Quarter ended December 31, 2020	114,901	(20.2)	3,956	(59.6)	10,873	(30.6)	4,972	(54.9)

(Note) Quarterly comprehensive income: 6,198 million yen (57.2%) for the third quarter ended
December 31, 2021
3,943 million yen ((61.4)%) for the third quarter ended
December 31, 2020

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Third Quarter ended December 31, 2021	55.96	55.72
Third Quarter ended December 31, 2020	79.67	79.34

(2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2021	298,959	221,802	218,741	73.2	3,517.98
As of the end of Fiscal Year (March 31, 2021)	322,761	218,616	215,612	66.8	3,454.18

2. Status of Dividends

	Annual Dividend				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2021	—	20.00	—	20.00	40.00
Fiscal Year Ending March 31, 2022	—	20.00	—		
Fiscal Year Ending March 31, 2022 (Estimates)				30.00	50.00

(Note) Revision of estimated dividends announced during the latest quarter: No

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% indicates increase (decrease) from the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Annual	184,000	20.9	6,000	-	7,900	(26.8)	5,500	(21.7)	88.11	

(Note) Revision of forecast of consolidated business results announced during the latest quarter: No

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative third quarter of the current fiscal year (i.e. changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods: None
- (3) Changes in accounting principles:
 - (i) Changes due to modifications in accounting standards, etc.: None
 - (ii) Changes other than (i) above: None
- (4) Number of Issued Shares (Common Stock)

	Third Quarter ended December 31, 2021	Fiscal Year ended March 31, 2021
(i) Number of issued shares (including treasury stock) as of the end of:	65,589,042 shares	68,589,042 shares
(ii) Number of shares held as treasury stock as of the end of:	3,410,985 shares	3,168,353 shares
(iii) Average number of shares during consolidated third quarter (third quarter ended December 31):	62,424,097 shares	62,403,898 shares

*These quarterly financial statements are exempt from the review procedures.

*Cautionary Statement regarding Forecast of Business Results

(Cautionary note on forward-looking statements)

The forecast of business results is based on reasonable information we obtained as of the date hereof and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document. For notes on conditions used for the forecast of business results and cautionary statements regarding forecast of business results, please see “1. Qualitative Information regarding Consolidated Performance during the Third Quarter – (3) Qualitative Information regarding Forecast of Consolidated Business Results” on page 7 of the attached materials.

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1. Qualitative Information regarding Consolidated Performance during the Third Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Nine Months ended December 31, 2021

	(Millions of Yen)			
	Previous Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)	Current Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)	Increased/(Decreased) from previous cumulative third quarter	
	Amount	Amount	Amount	%
Net sales	114,901	130,187	+15,286	+13.3
Cost of sales	50,279	56,585	+6,306	+12.5
Sales profit	64,622	73,602	+8,980	+13.9
Selling, general and administrative expenses	60,666	68,545	+7,879	+13.0
Operating income	3,956	5,057	+1,101	+27.8
Other income - *other than A	1,192	2,055	+863	+72.4
A: Valuation (loss) gain on marketable securities and investments – net	5,725	(1,575)	(7,300)	-
Income before income taxes and equity in net income of affiliated companies	10,873	5,537	(5,336)	(49.1)
Net income attributable to Wacoal Holdings Corp.	4,972	3,493	(1,479)	(29.7)
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	5,148	7,112	+1,964	+38.2

The business of our group during the current cumulative third quarter (April 1, 2021 – December 31, 2021) has remained difficult domestically due to the prolonged impact of activity restrictions, including the declaration of the state of emergency, imposed until the end of September, while our business environment in the United States and Europe significantly improved due to loosened restrictions related to the coronavirus pandemic (“COVID-19”).

Under such circumstances, our group is moving forward with our initiatives to create a management structure that leads to high profitability, while prioritizing the well-being and safety of our customers, employees and partner companies to conduct our business. We are also working to build a deeper, broader and longer-term relationship with each customer by continuing to develop and provide products and services that consumers expect in their new lifestyles, which have significantly changed as a result of the spread of COVID-19, and by promoting our unique CX strategies, which involve merger of online and offline activities and utilization of a customer database, in efforts to improve customer experience values.

For the current cumulative third quarter, consolidated sales were 130.19 billion yen (an increase of 13.3% as compared to the corresponding period of the previous fiscal year) and consolidated operating income was 5.06 billion yen (an increase of 27.8% as compared to the corresponding period of the previous fiscal year). Consolidated income before income taxes and equity in net income of affiliated companies were 5.54 billion yen (a decrease of 49.1% as compared to the corresponding period of the previous fiscal year) due to a valuation loss on marketable securities and investments of 1.58 billion yen (a valuation gain of 5.73 billion yen for the corresponding period of the previous fiscal year). (We have been using U.S. accounting standards, under which equity securities held by the Company and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period are recognized as “Other income (expenses)”.) As a result, income attributable to Wacoal Holdings Corp. was 3.49 billion yen (a decrease of 29.7% as compared to the corresponding period of the previous fiscal year).

The key exchange rates used for the current consolidated third quarter (previous third quarter) were: 111.10 yen (106.11 yen) to the U.S. dollar; 152.76 yen (136.24 yen) to the Sterling pound; and 16.78 yen (15.37 yen) to the Chinese yuan.

(ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Cumulative Third Quarter (from April 1, 2020 to December 31, 2020)		Current Cumulative Third Quarter (from April 1, 2021 to December 31, 2021)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	114,901	100.0	130,187	100.0	+15,286	+13.3
Wacoal Business (Domestic)	66,935	58.3	67,340	51.7	+405	+0.6
Wacoal Business (Overseas)	29,475	25.6	44,454	34.2	+14,979	+50.8
Peach John Business	9,038	7.9	9,365	7.2	+327	+3.6
Other	9,453	8.2	9,028	6.9	(425)	(4.5)

	Previous Cumulative Third Quarter (from April 1, 2020 to December 31, 2020)		Current Cumulative Third Quarter (from April 1, 2021 to December 31, 2021)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Income/(Loss)	3,956	3.4	5,057	3.9	+1,101	+27.8
Wacoal Business (Domestic)	3,008	4.5	2,268	3.4	(740)	(24.6)
Wacoal Business (Overseas)	(22)	-	2,002	4.5	+2,024	-
Peach John Business	1,553	17.2	1,552	16.6	(1)	(0.1)
Other	(583)	-	(765)	-	(182)	-

(Reference) Net Sales and Operating Income/ (Loss) of Major Subsidiaries

(Millions of Yen)

Net Sales	Previous Cumulative Third Quarter (from April 1, 2020 to December 31, 2020)		Current Cumulative Third Quarter (from April 1, 2021 to December 31, 2021)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	62,546	54.4	61,766	47.4	(780)	(1.2)
Wacoal International Corp. (U.S.)	12,790	11.1	19,331	14.8	+6,541	+51.1
Wacoal Europe Ltd.	7,027	6.1	11,937	9.2	+4,910	+69.9
Wacoal China Co., Ltd.	6,502	5.7	8,845	6.8	+2,343	+36.0
Peach John Co., Ltd.	9,038	7.9	9,365	7.2	+327	+3.6
Lecien Corporation	3,430	3.0	2,470	1.9	(960)	(28.0)
Nanasai Co., Ltd.	3,949	3.4	4,157	3.2	+208	+5.3

*Sales to external customers only

(Millions of Yen)

Operating Income/(Loss)	Previous Cumulative Third Quarter (from April 1, 2020 to December 31, 2020)		Current Cumulative Third Quarter (from April 1, 2021 to December 31, 2021)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	581	0.9	996	1.6	+415	+71.4
Wacoal International Corp. (U.S.)	(1,051)	-	480	2.5	+1,531	-
Wacoal Europe Ltd.	212	3.0	1,349	11.3	+1,137	+536.3
Wacoal China Co., Ltd.	483	7.4	150	1.7	(333)	(68.9)
Peach John Co., Ltd.	1,553	17.2	1,552	16.6	(1)	(0.1)
Lecien Corporation	149	4.3	(350)	-	(499)	-
Nanasai Co., Ltd.	(299)	-	(215)	-	+84	-

*Sales and operating income/(loss) amounts of major subsidiaries are based on the accounting standards in respective countries

a. Wacoal Business (Domestic)

Sales and operating income attributable to our “Wacoal Business (Domestic)” segment were 67.34 billion yen (an increase of 0.6% as compared to such sales for the corresponding period of the previous fiscal year) and 2.27 billion yen (a decrease of 24.6% as compared to such operating income for the corresponding period of the previous fiscal year), respectively. We were less profitable due to the absence of the employment adjustment subsidy we received during the corresponding period of the previous fiscal year.

Wacoal Corp.:

Sales from Wacoal Corp., our core operating entity in Wacoal Business (Domestic) segment decreased by 1.2% as compared to such sales for the corresponding period of the previous fiscal year. Due to the new revenue recognition standards adopted by Wacoal Corp. from the current fiscal year (such standards have already been adopted for segment information), and because expected merchandise returns, which were previously deducted from sales profit on a net basis, are deducted from sales on a gross basis, revenue from Wacoal Business (Domestic) segment increased while revenue from Wacoal Corp. decreased as compared to respective sales for the corresponding period of the previous fiscal year.

While we recorded an increase of 33.3% in revenue during the current consolidated first quarter as a result of an improvement in business environment, revenue decreased by 16.7% for the current consolidated second quarter due to the impact of more consumers staying home in response to an increased number of COVID-19 cases since July. Sales for the current consolidated third quarter decreased by 4.8% in revenue due to the impact of our clients’ expense control efforts over purchases, in addition to slow recovery of sales from physical stores through our key sales channels after the end of the state of emergency.

Sales from our e-commerce website, which achieved significant growth during the previous fiscal year due to demand from customers staying home, exceeded the results from the corresponding period of the previous fiscal year as a result of strong sales from existing customers, although we were unsuccessful in acquiring new customers. Sales from third-party e-commerce websites also exceeded such sales for the corresponding period of the previous fiscal year.

Operating income increased by 71.4% as compared to such operating income for the corresponding period of the previous fiscal year as a result of our continued efforts to reduce costs as part of a revenue structural reform. The employment adjustment subsidy is not included and reflected in this operating income, because it is recognized as non-operating income (which has been reclassified as operating income under the consolidated business results based on the U.S. accounting standards).

b. Wacoal Business (Overseas)

Sales and operating income attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 44.45 billion yen (an increase of 50.8% as compared to such sales for the corresponding period of the previous fiscal year) and 2.00 billion yen (an operating loss of 0.02 billion yen for the corresponding period of the previous fiscal year), respectively.

Sales of our “Peach John” brand products sold in China, which were recorded under this “Wacoal Business (Overseas)” segment during the previous fiscal year, are now recorded under our “Peach John Business” segment, and the business result for the corresponding period of the previous fiscal year has been revised retroactively. In addition, sales from Wacoal China related to department stores have been changed to be presented based on storefront prices starting for the current fiscal year, but we have not made retroactive revisions. Because the amounts of both sales and selling, general and administrative expenses increase in the same amount as a result of such change, there is no impact on the amount of operating income.

Wacoal International Corp. (U.S.):

Sales from Wacoal International Corp. (U.S.) on a local currency basis increased by 44.3% (an increase of 51.1% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year.

Sales from Wacoal America, Inc., which distributes “Wacoal” and “b.tempt’d” brand products, increased by 47.7% for the current consolidated third quarter, exceeding the pre-pandemic level, due to strong sales from our e-commerce website and physical stores at department stores supported by strong recovery in consumer spending, despite missed opportunity to sell our best-selling products due to inadequate stock after October. While sales from our e-commerce website were weak due to the impact of rising costs of social media advertising, sales from Intimates Online,

Inc., which distributes the “LIVELY” brand, increased by 26.8% as a result of expanded sales from wholesale and directly-managed stores.

On a local currency basis, we recorded an operating income of 4.3 million dollars (0.48 billion yen on a Japanese yen basis) (operating loss of 9.9 million dollars (1.05 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) due to the favorable effect of increased revenue. We recorded an operating loss for the current consolidated third quarter due to rising shipping costs and changes in distribution ratio of sales channel, in addition to our strategic investments to expand our e-commerce business.

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. On a local currency basis increased by 51.5% (an increase of 69.9% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year.

Supported by strong recovery in consumer spending, sales in the United States, United Kingdom and Europe for the current consolidated third quarter also exceeded the pre-pandemic level across all areas. The impact of the closings of certain department stores was mitigated by our business with new clients in the United Kingdom, and also by strong sales from our core specialty stores which exceeded the pre-pandemic levels. Our e-commerce business in the United Kingdom continued to maintain strong sales, which increased by 35.0%.

Operating income on a local currency basis increased by 466.5% (an increase of 536.3% on a Japanese yen basis) due to the effect of increased revenue.

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis increased by 24.6% (an increase of 36.0% on a Japanese yen basis) as compared to such sales from the corresponding period of the previous fiscal year.

While sales from physical stores, such as department stores, were weak during the current consolidated third quarter due to the impact of regulations which strengthened in response the spread of COVID-19, we recorded an increase in revenue as a result of an improvement in business environment during the first half of the current fiscal year as physical stores that temporarily closed during the spread of COVID-19 in the previous fiscal year began to reopen. E-commerce sales were below such sales from the corresponding period of the previous fiscal year due to increased competition with Chinese brands, which impact more than offset the limited effect of our promotional efforts, including live commerce.

Although revenue increased, operating income on a local currency basis decreased by 71.5% (a decrease of 68.9% on a Japanese yen basis) due to the absence of the effect of government assistance, which were available during the corresponding period of the previous fiscal year, and an increase in costs incurred for resuming business activities.

c. Peach John Business

Sales attributable to our “Peach John Business” segment were 9.37 billion yen (an increase of 3.6% as compared to such sales for the corresponding period of the previous fiscal year).

Sales from our directly-managed stores increased by 17.8% due to our products that launched in October through our collaboration with celebrities, which contributed to an increase in the number of customers visiting retail facilities, in addition to recovery in sales during the current consolidated first quarter. Despite the positive impact of products released in collaboration with celebrities, e-commerce sales did not reach the level of sales achieved in the corresponding period of the previous fiscal year, when sales significantly expanded due to demand from consumers staying home, and decreased by 11.1%.

We recorded an operating income of 1.55 billion yen (a decrease of 0.1% as compared to such operating income for the corresponding period of the previous fiscal year). Despite the absence of favorable factors for the corresponding period of the previous fiscal year such as rent relief, we maintained a high profit level due to the effect of increased revenue.

d. Other

Overall sales attributable to our “Other” business segment were 9.03 billion yen (a decrease of 4.5% as compared to such sales for the corresponding period of the previous fiscal year), while we recorded an operating loss of 0.77 billion yen (operating loss of 0.58 billion yen for the corresponding period of the previous fiscal year).

Lecien Corporation:

Sales from Lecien Corporation decreased by 28.0% as compared to such sales for the corresponding period of the previous fiscal year due to delivery delays caused by our factory in Vietnam which suspended its operation, in addition to weak sales of our private products sold by general merchandise stores and major apparel supply chain companies. Despite our efforts to reduce costs, we recorded an operating loss of 0.35 billion yen (operating income of 0.15 billion yen for the corresponding period of the previous fiscal year) due to the significant impact of decreased revenue.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. were weak due to cancellation and postponement of new shop openings and various events following the spread of COVID-19, although revenue increased by 5.3% as compared to such sales for the corresponding period of the previous fiscal year due to our expansion of business in new markets and large-scale renovation offers. Despite our efforts to reduce costs by reassessing our operations, we recorded an operating loss of 0.22 billion yen (operating loss of 0.30 billion yen for the corresponding period of the previous fiscal year) due to the significant impact of decreased revenue.

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated third quarter were 298,959 million yen, a decrease of 23,802 million yen from the end of the previous fiscal year, mainly due to a decrease in cash and cash equivalents for repayment of bank loans.

Our total liabilities were 77,157 million yen, a decrease of 26,988 million yen from the end of the previous fiscal year, mainly due to repayment of short-term bank loans for reasons similar to those discussed with respect to assets.

Total Wacoal Holdings Corp. shareholders' equity was 218,741 million yen, an increase of 3,129 million yen from the end of the previous fiscal year, mainly due to increase of retained earnings and changes in foreign currency translation adjustments.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated third quarter was 73.2%, an increase of 6.4% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated third quarter of the current fiscal year were 42,569 million yen, a decrease of 20,988 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 12,113 million yen, an increase of 9,379 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 3,507 million yen plus adjustments for depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 4,382 million yen, an increase of 1,664 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire intangible assets.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 29,375 million yen, as compared to cash inflow of 34,754 million yen for the corresponding period of the previous fiscal year, due to repayment of short-term bank loans, payments made for dividends as well as contingent consideration.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the fiscal year ending March 31, 2022 since we announced such forecast on May 14, 2021. The future, however, remains uncertain due to the impact of COVID-19. We will announce an updated forecast immediately if we deem it necessary to reassess the impact on our business results based on the condition of the spread of COVID-19.

2. Consolidated Quarterly Financial Statements and Accompanying Notes

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2021	Current Consolidated Third Quarter as of December 31, 2021	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	63,557	42,569	(20,988)
Time deposits	1,443	2,425	982
Marketable securities	253	-	(253)
Notes and accounts receivable	17,571	18,590	1,019
Allowance for doubtful receivables	(346)	(302)	44
Inventories	43,250	44,573	1,323
Return assets	600	716	116
Other current assets	7,794	3,716	(4,078)
Total current assets	134,122	112,287	(21,835)
II. Property, plant and equipment:			
Land	20,569	20,360	(209)
Buildings and structures	72,978	73,653	675
Machinery and equipment	19,356	20,151	795
Construction in progress	<u>1,264</u>	<u>3,732</u>	<u>2,468</u>
	114,167	117,896	3,729
Accumulated depreciation	(64,409)	(66,251)	(1,842)
Net property, plant and equipment	49,758	51,645	1,887
III. Other assets:			
Operating leases right-of-use assets	12,729	11,207	(1,522)
Investments in affiliated companies	21,207	21,782	575
Investments	51,603	47,845	(3,758)
Goodwill	21,169	21,813	644
Other intangible assets	15,220	15,081	(139)
Prepaid pension expense	9,533	10,081	548
Deferred income taxes	1,649	1,799	150
Other	5,771	5,419	(352)
Total other assets	138,881	135,027	(3,854)
Total assets	322,761	298,959	(23,802)

Accounts	Previous Fiscal Year as of March 31, 2021	Current Consolidated Third Quarter as of December 31, 2021	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	40,672	15,685	(24,987)
Notes and accounts payable:			
Trade notes payable	712	769	57
Trade accounts payable	8,734	8,083	(651)
Other payables	<u>6,610</u>	<u>4,701</u>	<u>(1,909)</u>
	16,056	13,553	(2,503)
Accrued payroll and bonuses	6,822	4,926	(1,896)
Income taxes payable	1,025	1,150	125
Refund liability	2,266	2,498	232
Short-term operating lease liabilities	4,411	3,990	(421)
Contingent consideration (short-term)	-	920	920
Other current liabilities	4,819	7,642	2,823
Total current liabilities	76,071	50,364	(25,707)
II. Long-term liabilities:			
Long-term debt	1,498	1,545	47
Liability for termination and retirement benefits	1,942	1,956	14
Deferred income taxes	12,292	12,819	527
Long-term operating lease liabilities	8,520	7,530	(990)
Contingent consideration(long-term)	1,639	765	(874)
Other long-term liabilities	2,183	2,178	(5)
Total long-term liabilities	28,074	26,793	(1,281)
Total liabilities	104,145	77,157	(26,988)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,120	29,064	(56)
III. Retained earnings	181,346	182,341	995
IV. Accumulated other comprehensive loss:			
Foreign currency translation adjustments	1,770	4,416	2,646
Pension liability adjustments	(1,008)	(976)	32
V. Treasury stock, at cost	(8,876)	(9,364)	(488)
Total Wacoal Holdings Corp. shareholders' equity	215,612	218,741	3,129
VI. Noncontrolling interests	3,004	3,061	57
Total equity	218,616	221,802	3,186
Total liabilities and equity	322,761	298,959	(23,802)

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)		Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)		Increase/ (Decrease)
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	114,901	100.0	130,187	100.0	15,286
II. Operating costs and expenses:					
Cost of sales	50,279	43.8	56,585	43.5	6,306
Selling, general and administrative expenses	60,666	52.8	68,545	52.6	7,879
Total operating costs and expenses	110,945	96.6	125,130	96.1	14,185
Operating income	3,956	3.4	5,057	3.9	1,101
III. Other income (expenses):					
Interest income	52		45		(7)
Interest expense	(56)		(48)		8
Dividend income	1,078		1,034		(44)
Valuation (loss) gain on marketable securities and investments – net	5,725		(1,575)		(7,300)
Other – net	118		1,024		906
Total other income	6,917	6.1	480	0.4	(6,437)
Income before income taxes and equity in net income of affiliated companies	10,873	9.5	5,537	4.3	(5,336)
Income taxes	6,506	5.7	2,517	2.0	(3,989)
Income before equity in net income of affiliated companies	4,367	3.8	3,020	2.3	(1,347)
Equity in net income of affiliated companies	449	0.4	487	0.4	38
Net income	4,816	4.2	3,507	2.7	(1,309)
Net (income) loss attributable to noncontrolling interests	156	0.1	(14)	(0.0)	(170)
Net income attributable to Wacoal Holdings Corp.	4,972	4.3	3,493	2.7	(1,479)

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)	Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)	Increase/(Decrease)
	Millions of Yen	Millions of Yen	
I. Net income	4,816	3,507	(1,309)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(1,343)	2,659	4,002
Pension liability adjustments	470	32	(438)
Other comprehensive income (loss)	(873)	2,691	3,564
Comprehensive income	3,943	6,198	2,255
Comprehensive (income) loss attributable to noncontrolling interests	352	(27)	(379)
Comprehensive income attributable to Wacoal Holdings Corp.	4,295	6,171	1,876

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)	Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	4,816	3,507
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	4,558	4,547
(2) Allowance for doubtful receivables - net	(12)	(76)
(3) Deferred income taxes	1,211	361
(4) Gain on sales or disposal of property, plant and equipment - net	(361)	(111)
(5) Impairment charges on property, plant and equipment	625	24
(6) Valuation loss (gain) on marketable securities and investments - net	(5,725)	1,575
(7) Equity in net income of affiliated companies, less dividends received	96	(118)
(8) Changes in assets and liabilities		
(Increase) decrease in notes and receivable	647	(828)
(Increase) decrease in inventories	1,115	(511)
(Increase) decrease in return assets	76	(116)
Decrease (increase) in other current assets	(2,444)	4,389
Decrease in notes and accounts payable	(2,700)	(1,216)
Increase in refund liability	267	232
(Decrease) increase in liability for termination and retirement benefits	276	(499)
Increase in other liabilities	299	593
(9) Other	(10)	360
Net cash provided by operating activities	2,734	12,113
II. Investing activities		
1. Increase in time deposits	(857)	(1,328)
2. Decrease in time deposits	291	371
3. Proceeds from sales and redemption of equity securities	940	2,220
4. Payments to acquire equity securities	(6)	(3)
5. Proceeds from redemption of debt securities	424	222
6. Proceeds from sales of property, plant and equipment	646	484
7. Capital expenditures	(1,699)	(4,528)
8. Payments to acquire intangible assets	(2,169)	(2,185)
9. Payments for loans	(315)	-
10. Collection of loans	-	321
11. Other	27	44
Net cash used in investing activities	(2,718)	(4,382)
III. Financing activities		
1. Net (decrease) increase in short-term bank loans with original maturities of three months or less	17,747	(5,000)
2. Procurement of short-term loan (over 3 months)	20,424	-
3. Repayment of short-term loan (over 3 months)	-	(20,000)
4. Procurement of long-term debt	1,447	-
5. Repayment of long-term debt	(35)	(35)
6. Repurchase of treasury stock	(1)	(589)
7. Dividends paid on common stock	(2,496)	(2,498)
8. Dividends paid to noncontrolling interests	(81)	(82)
9. Proceeds from stock issuance to noncontrolling interests	-	112
10. Payments to acquire interests in subsidiaries from noncontrolling interests	(1,190)	-
11. Contingent consideration payment	(1,061)	(1,283)
Net cash (used in) provided by financing activities	34,754	(29,375)
IV. Effect of exchange rate changes on cash and cash equivalents	(250)	656
V. Net (decrease) increase in cash and cash equivalents	34,520	(20,988)
VI. Cash and cash equivalents, beginning of period	27,905	63,557
VII. Cash and cash equivalents, end of period	62,425	42,569

Additional Cash Flow Information

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)	Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)
Cash paid for:		
Interest	46	48
Income taxes	8,417	(2,634)
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	1,088	378

(5) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Total Shareholders' Equity)

Not applicable.

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	66,935	29,475	9,038	9,453	114,901	-	114,901
(2) Intersegment	590	6,990	166	2,886	10,632	(10,632)	-
Total	67,525	36,465	9,204	12,339	125,533	(10,632)	114,901
Operating income (loss)	3,008	(22)	1,553	(583)	3,956	-	3,956

Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	67,340	44,454	9,365	9,028	130,187	-	130,187
(2) Intersegment	622	5,993	279	2,713	9,607	(9,607)	-
Total	67,962	50,447	9,644	11,741	139,794	(9,607)	130,187
Operating income (loss)	2,268	2,002	1,552	(765)	5,057	-	5,057

- (Note) 1. Core products of respective businesses:
- Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.
 - Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, other textile-related products, etc.
 - Peach John business: innerwear (foundation, lingerie and nightwear), outerwear, and other textile-related products, etc.
 - Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, other textile-related products, mannequins, construction of stores and interior design, etc.
2. Matters regarding Changes to Operating Segments:
- A portion of our Peach John brand product sales in China, which were previously recorded under the "Wacoal Business (Overseas)" segment, have been recorded under our "Peach John Business" segment since the previous fiscal year. The segment information for the previous consolidated cumulative third quarter has been prepared based on the segments reported after this change.

(ii) Segment Information by Region

Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	84,380	11,412	19,109	114,901
Distribution ratio	73.5%	9.9%	16.6%	100.0%
Operating income (loss)	4,076	515	(635)	3,956

Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	84,579	15,339	30,269	130,187
Distribution ratio	65.0%	11.8%	23.2%	100.0%
Operating income (loss)	3,331	(10)	1,736	5,057

- (Note)
1. Countries or areas are classified according to geographical proximity.
 2. Main countries and areas belonging to classifications other than Japan:
Asia/Oceania: Asian countries and Australia
Europe/N.A.: North America and European countries
 3. Sales in respect of consolidated companies are categorized by location.

(6) Status of Sales

Type of product		Previous Consolidated Cumulative Third Quarter (From April 1, 2020 to December 31, 2020)		Current Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 92,499	% 80.5	Millions of Yen 106,120	% 81.5	Millions of Yen 13,621	% 14.7
	Nightwear	5,155	4.5	5,210	4.0	55	1.1
	Children's underwear	574	0.5	602	0.5	28	4.9
	Subtotal	98,228	85.5	111,932	86.0	13,704	14.0
Outerwear/Sportswear		6,694	5.8	7,938	6.1	1,244	18.6
Hosiery		774	0.7	785	0.6	11	1.4
Other textile goods and related products		4,104	3.6	4,060	3.1	(44)	(1.1)
Other		5,101	4.4	5,472	4.2	371	7.3
Total		114,901	100.0	130,187	100.0	15,286	13.3